

Iraq Weekly Status Report

November 5, 2008

**Bureau of Near Eastern Affairs
US Department of State**

Unclassified



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HIGHLIGHTS

- Iraq's Council of Representatives Passes Minority Legislation Needed for 2009 Provincial Elections (**POLITICAL, page 4**).
- Iraqi Police Critical to Mosul's Long-Term Security (**SECURITY, page 7**).
- Iraq Reduces 2009 Budget (**ECONOMIC, page 11**).
- Iraq President Jalal Talabani States American Bases Cannot Be Established in Northern Iraq without Permission of GOI (**DIPLOMATIC, page 22**).

POLITICAL - Governance & Legislation



CoR passes Minority Legislation:

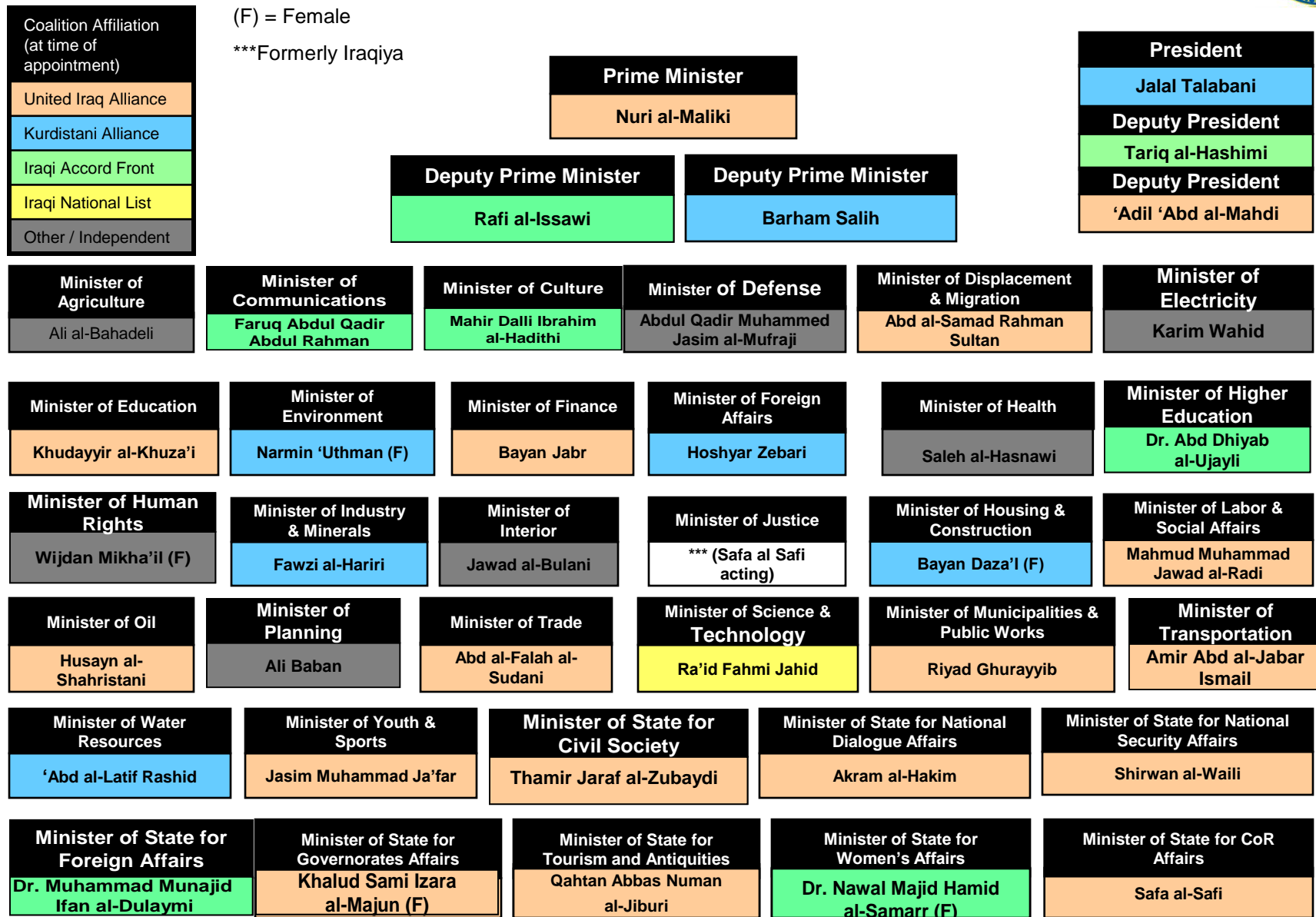
- By an overwhelming majority, Iraq's Parliament, the Council of Representatives, approved November 3 a measure guaranteeing six provincial council seats to religious minorities for the 2009 elections. Those seats were assigned to Baghdad, northern Ninewa, and southern Basrah provinces. The "Article 50" amendment to the Provincial Election Law allocates one seat for Christians and one for Sabeans in Baghdad; one for Christians, one for Yezidis, and one for Shabaks in Ninewa; and one for Christians in Basrah. It allows minority candidates to compete either for a reserved seats or a general seat. The number of seats passed was less than the UN-recommended 12 provincial council seats and therefore caused some discontent among religious minority parliamentarians. Iraq President Talabani indicated that the Presidency Council would support the measure.

Iraqi Minister of Defense Depoliticizes Ministry:

- On October 30, the Iraqi Minister of Defense, Abdul Qadir Muhammed Jasim al-Mufraji, announced that all Ministry of Defense employees, from the highest officials to the lowest ranked soldiers, will be required to remain politically neutral. Officials will be obligated to sign pledges stating that they will not run for political office, work for political campaigns, be present at political demonstrations, or be a member of any political organizations. It was not immediately apparent whether soldiers and other employees would be required to sign a pledge.



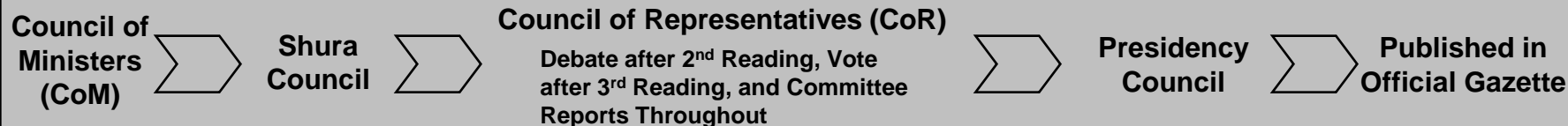
POLITICAL – Government of Iraq





POLITICAL – Key Legislation and Refugee Update

Legislative Process



Provincial Elections	PASSED: passed by the CoR on September 24; signed by the Presidency Council on October 7. The law includes an article entering it into force immediately upon signing, not waiting for publication in the Official Gazette. On November 3, the CoR passed an amendment guaranteeing minority representation on certain provincial councils.
Hydrocarbons Package	The level of control allocated to the central government in the July 2007 draft version of the Framework Law (currently in CoR Committee) is the key point of disagreement; there may be more progress on the Revenue Management Law, currently with the Shura Council, in the coming months.
Amnesty Law	PASSED: CoR approved the law on February 13; the law was signed by the Presidency Council February 26 and was implemented March 2.
Pensions Amendment	PASSED: Published in the Official Gazette December 2007.
De-Ba'athification	PASSED: Approved by default by the Presidency Council February 2008. Reform Published in the Official Gazette in mid-February.
Provincial Powers	PASSED: CoR approved the law on February 13; the law was vetoed by the Presidency Council February 26. The veto was rescinded on March 19, allowing the law to take effect.

Refugee Update

- Refugees in the region: 2-2.4 million
- Internally displaced persons in Iraq: 2.7 million
- The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).
- The U.S. seeks to admit a minimum of 17,000 Iraqi refugees in FY09.



SECURITY - Situation Update

Iraqi Police Are Critical to Mosul's Long-Term Security:

- Major General Hertling, Commander for Multi-National Division-North, told senior Iraqi Police officers October 29 that Mosul's long-term security is dependent on their capabilities. Violence in Mosul has decreased by almost 50% since May, when the Iraqi Security Forces (ISF) launched major operations to clear al-Qaida in Iraq (AQI) and other terrorist elements from the city. The ISF began another major operation October 15, sending an additional twenty thousand Iraqi Army and National Police Forces into the city. Additionally, in an effort to augment the local Iraqi Police presence in Mosul and Ninewa province, Mosul's police academy will increase enrollment next month, doubling its cadets to 1,000 for the four-week basic course.

Twenty al-Qaida in Iraq (AQI) Suspects Detained during Operations:

- Coalition Forces detained an AQI bomb facilitator along with eleven other terrorist suspects during a series of coordinated operations in Mosul November 3. The same day in Baghdad, Coalition Forces apprehended multiple AQI suspects and captured various weapons and IED materials. All told, Coalition Forces detained 20 suspected AQI terrorists throughout Iraq November 2 and 3, further degrading AQI's networks and capabilities.



SECURITY – Security Transition

Iraqi Army Assumes Control of U.S. Base:

- The Iraqi Army assumed control of Combat Outpost (COP) Dragon in the city of Yusifiyah south of Baghdad November 1 from Coalition Forces. COP Dragon was built in 2007 and is the largest base in the area to transition from Coalition to Iraqi control. Coalition Forces there have continuously worked side-by-side with the Iraqi Army, conducting missions ranging from stability operations to air assaults. Lieutenant Colonel Andrew Rohling, Coalition commander in Yusifiyah said “we have worked together with the Iraqi Army since we arrived, and because of it, we are now at a point where a large American presence is not needed in the area.”

Iraqi Military Builds Logistic Capability:

- Iraqi Joint Forces Vice Chief of Staff General Nasier Abadi and Deputy Commanding General for the Multi-National Security Transition Command- Iraq (MNSTC-I) Brigadier General (BG) Johnny Torrens-Spence described plans to improve the Iraqi Army’s transportation and supply networks and technological commands at a November 2 press conference. Both generals also described efforts to increase the size and capabilities of the Iraqi Air Force and Navy as part of the long-term plan to reconfigure the Iraqi military from a primarily counterinsurgency force to a more conventional one.



SECURITY - Iraqi Security Forces

Iraq Security Forces as of Sept. 30, 2008 ^a			
Component	Current Authorized Personnel	Assigned Personnel	Total Trained Personnel to date
Ministry of Interior (MoI) Forces ^e			
Iraqi Police Service ^f	327,380	305,713	204,404
National Police ^g	46,707	41,305	52,382
Border Enforcement	47,750	39,294	35,886
Total MoI	421,837	386,312	292,672
Ministry of Defense (MoD) Forces ^h			
Army	171,225	186,957	235,606
Support Forces	15,583	20,066	21,144
Air Force	3,603	1,988	2,799
Navy	3,543	1,898	1,494
Total MoD	193,954	210,909	261,043
Counter Terrorism Bureau			
Special Operations ⁱ	4,733	4,159	4,564
Total Iraqi Security Forces	620,524	601,380	558,279

**The decrease in authorized MoD forces from the April 30 Weekly Status Report with ISF data as of March 31 reflects a change in a temporary GOI policy to increase front line units to 120% of authorized end strength to maintain present-for-duty totals at 100% while soldiers took leave. This change will make ISF reporting consistent with standard military personnel accounting practices in other countries and provide a clearer representation of ISF manning levels.

- a. Numbers do not include ministry staffs.
- b. Numbers reflect Government of Iraq (GOI) authorizations.
- c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.
- d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.
- e. MoI strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.
- f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.
- g. Includes the national Emergency Response Unit.
- h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).
- i. The MoD Army Training and Support Forces include logistics units and training center cadre.
- j. Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.



ECONOMIC – Economic & Government Capacity Update

Central Bank of Iraq Cuts Interest Rates:

- The Central Bank of Iraq cut interest rates by one percentage point on November 3 to 15%, a rate cut which the bank hopes will insulate Iraq from the global financial crisis. In September, the International Monetary Fund forecast that Iraq's economy would grow 9% in 2008, but the impact of lowered oil prices could slow economic growth as Iraq is heavily dependent on oil revenues. The CBI's governor Sinan al-Shibibi said that inflation also remains a concern for Iraq. "After the rise of annual core inflation in Iraq in September to about 12.9%, from 12% in August, the central bank would like to highlight that the country is still affected by the external price shock, especially food prices," Shibibi said.

Continuing Settlement of Claims from Iraq's Invasion of Kuwait:

- The UN Compensation Commission said it has paid \$888.6 million in installment to 13 claimants in Kuwait, two in Saudi Arabia and one in the U.S. to cover losses and damages from the Iraqi invasion of Kuwait in 1990. The money from Iraqi oil funds will go to governments and private companies, whose identities and amounts are not being disclosed, except for the U.S. claimant which will receive \$162.6 million. \$26.3 billion has already been dispensed to more than 1.5 million claimants; the commission has approved \$52.4 billion in total compensation, with only 12 claimants remaining.



ECONOMIC – Economic & Government Capacity Update

Iraq Reduces 2009 Budget:

- Following meetings with the International Monetary Fund in Amman, Jordan, Iraq has reached an agreement with the Fund that its 2009 budget would total \$67 billion, down from the \$79 billion figure previously announced which was calculated based on an oil price of \$80 per barrel. The new budget will be based on an oil price of \$62 per barrel, said Minister of Finance Bayan Jabr.



ECONOMIC – Oil

Crude Oil Update:

Price averages in world markets closed with the following prices:

Basrah Light at \$56.94/barrel

Dated Brent at \$62.15/barrel

WTI Cushing at \$65.44/barrel

Oman/Dubai at \$60.28/barrel

Revenue estimates:

2006: \$31.3 Billion

2007: \$41.0 Billion

2008: \$56.9 Billion (ytd)

Iraq Working Towards Implementing Transparency Initiative:

- The Government of Iraq is taking steps to open up its oil industry and become more transparent in an effort to implement the Extractive Industries Transparency Initiative (EITI). After meeting with Minister of Oil Husayn al-Shahristani and Deputy Prime Minister Barham Salah, Eddie Rich, the Middle East Director for EITI, assessed the commitment from the government as “strong.” Since it declared its intentions in February 2008, Iraq has appointed a national EITI coordinator and has said it is open to involving civil society in the transparency process, two necessary steps. Iraq additionally must draft a work plan which explains the scope and process to become a “candidate or implementing country,” said Rich, after which Iraq has two years to fully implement the work plan and for the process to be validated externally. The EITI process reconciles government receipts with those that companies claim to have paid the government. 23 countries are in the process of implementing the EITI, which became fully operational in 2006, and no country has become fully compliant.



ECONOMIC – Oil

Iraq to Assume Oversight of DFI Accounts:

- The UN-mandated auditor of Iraq's oil revenues said it will turn its job over to the Iraqi Committee of Financial Experts (COFE). The International Advisory and Monitoring Board (IAMB), whose mandate is due to expire at the end of 2008, said in a statement that despite accounting troubles the COFE is ready to take over the oversight responsibilities of the Development Fund for Iraq, where all oil proceeds, revenue, the remainder of the Oil-For-Food program and other assets are held. "COFE is already meeting regularly, considers the audit reports and has embarked on a comprehensive follow-up of earlier recommendations together with the (Iraqi Board of Supreme Audit)," the IAMB said. Two DFI accounts are held at the Federal Reserve Bank of New York; one is unused to maintain the value of the Iraqi dinar and the other used to fund government expenditures.



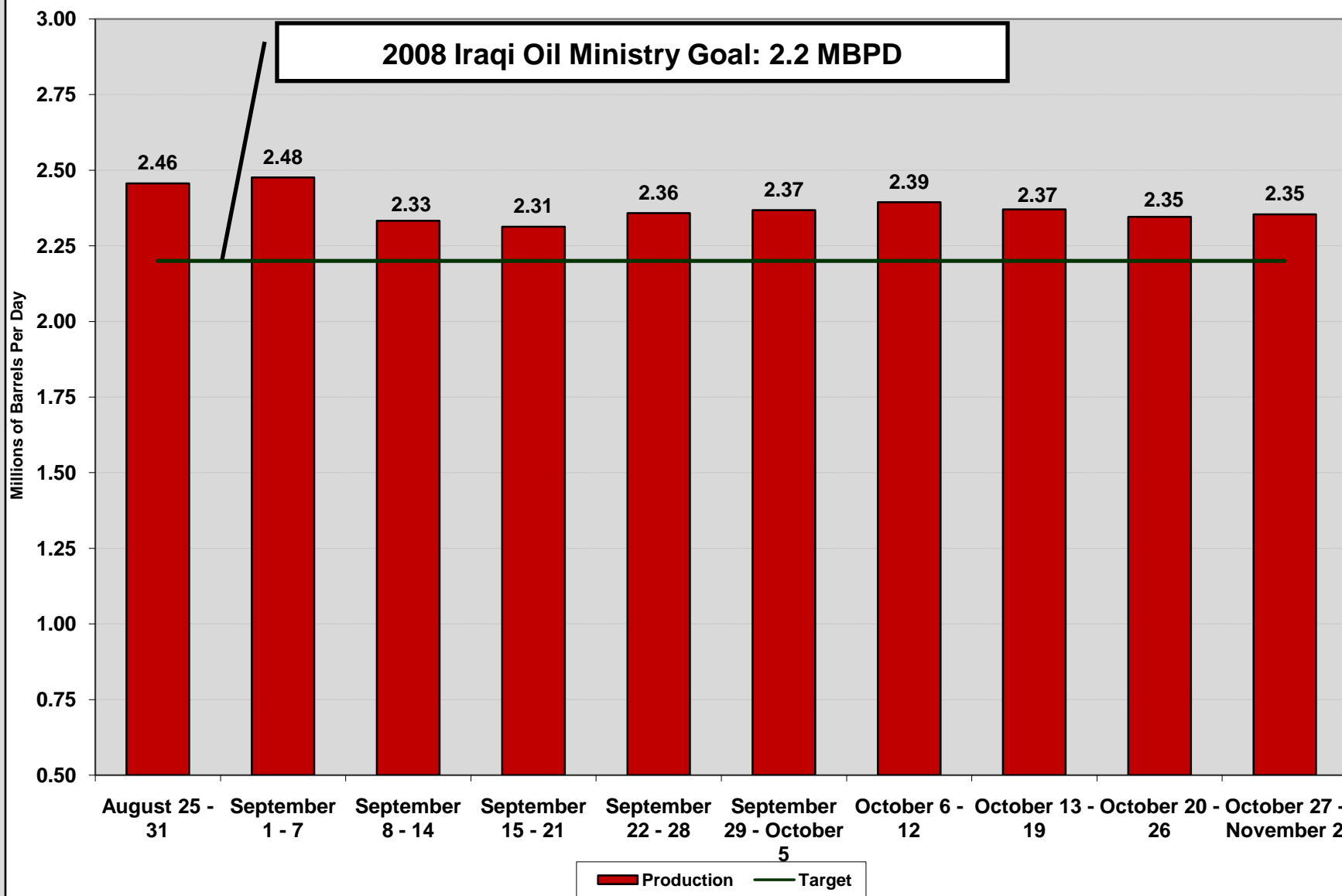
ECONOMIC – Essential Services

Red Cross Says Services in Iraq Remain Poor:

- In an October 29 statement issued from its headquarters in Geneva, the International Committee of the Red Cross (ICRC) warned that, although security has improved in Iraq and allowed the organization to expand its operations, the health, water, and sanitation services in the country remain poor and do not meet the needs of a large portion of the Iraqi population. The Red Cross estimates that more than 40% of the population does not have access to clean water. The outbreak of cholera this summer prompted the Red Cross Head of Operations for the Middle East, Beatrice Megevan Roggo, to voice her concerns about the infrastructure in the country. The ICRC, she said, cannot be expected to provide basic services indefinitely, adding “There is only so much a humanitarian organization can do.”

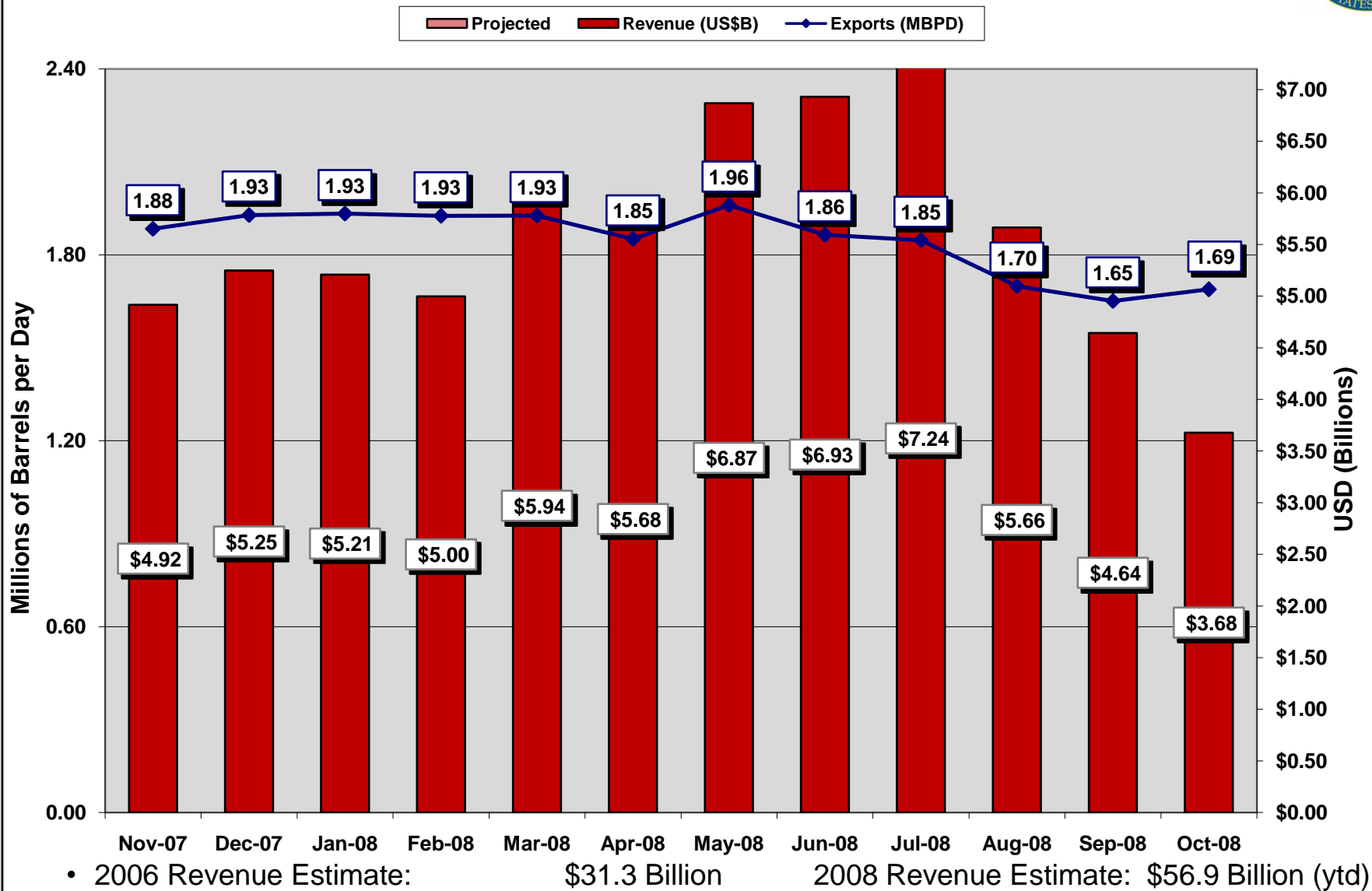


ECONOMIC – Crude Oil Production



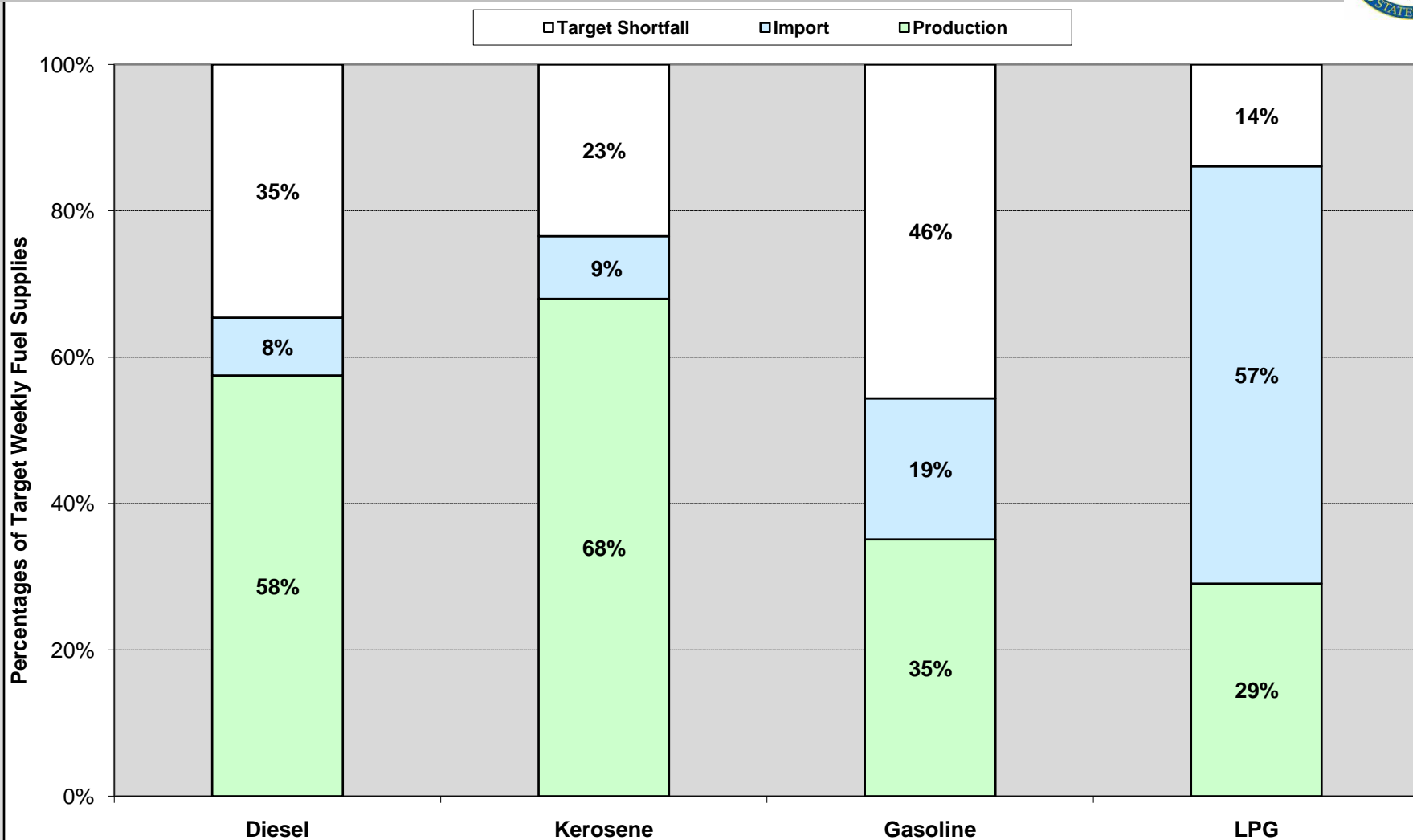


ECONOMIC – Crude Oil Export





ECONOMIC – Total Critical Refined Product Supplies



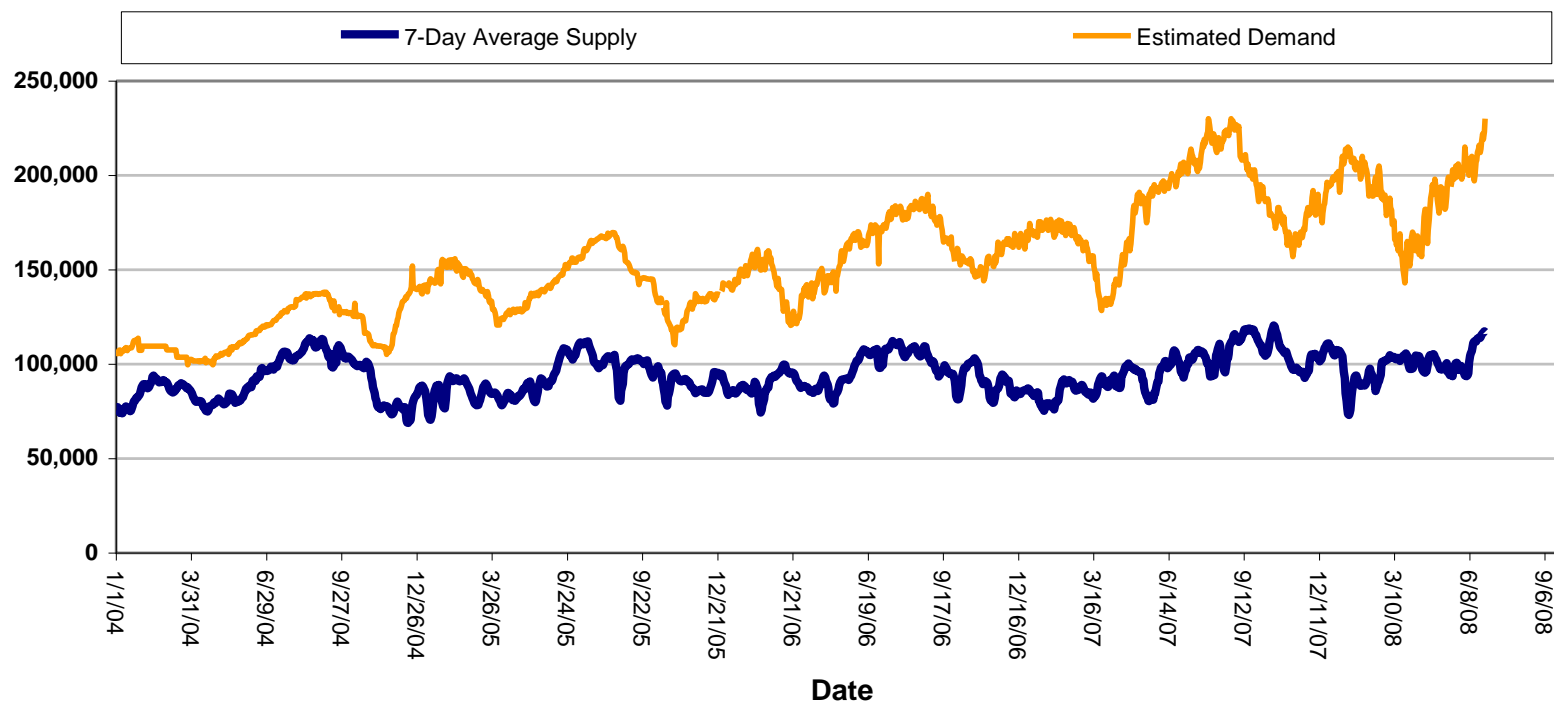
Note: This is a daily average for October 27 – November 2

- Diesel: 16.0 ML supply of 24.5 ML target
- Kerosene: 11.2 ML supply of 14.6 ML target
- Gasoline: 14.6 ML supply of 26.8 ML target
- LPG: 4,392 tons supply of 5,100 tons target



ECONOMIC – Electricity

Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004

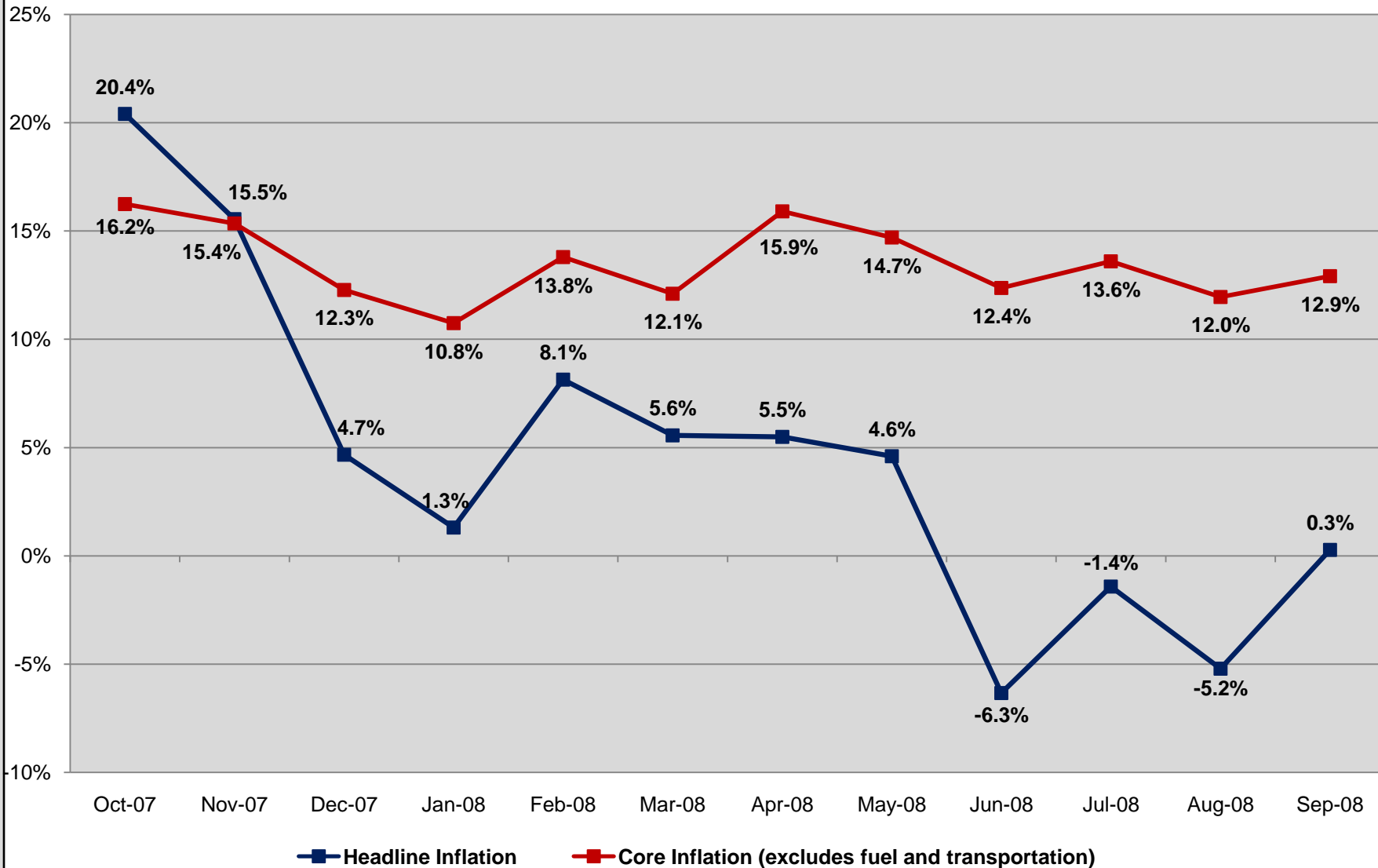


- Daily electricity demand October 28-November 3 was 1% above the same period last year. Daily supply from the grid was 12% above the year-earlier period and met 65% of demand, compared with 61% for the year-earlier period.
- For October 29-November 4 average hours of power from the grid after meeting demand from essential services were Baghdad: 15.3 and national 14.0. Year-ago levels were Baghdad 9.6 and national 12.9.



ECONOMIC – Economic Indicators

Year-on-Year Inflation





ECONOMIC – Economic Indicators

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Commercial Bond Sales				
Price (USD)	\$53.31	\$64.05	\$62.10	\$62.82
Yield	12.14%	10.07%	10.42%	10.16%
Central Bank's USD Currency Auction				
USD Sold	\$131,109	\$164,181	\$152,874	\$66,957,492
NID Exchange Rate	\$1,176	\$1,178	\$1,178	\$1,254
Total Employed by USG Programs				
	118,691	118,691	122,788	N/A



ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2

Sector\Status (Millions of USD)			Committed			Obligated			Disbursed		
	Allocated	Un-allocated	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current	Change
Security and Law	\$4,960	\$17	\$4,937	\$4,937	\$0	\$4,937	\$4,937	\$0	\$4,871	\$4,871	\$0
Justice and Civil Society	\$2,299	\$20	\$2,263	\$2,263	\$0	\$2,262	\$2,262	\$0	\$2,181	\$2,181	\$0
Electricity Sector	\$4,178	\$36	\$4,066	\$4,066	\$0	\$4,065	\$4,065	\$0	\$3,940	\$3,940	\$0
Oil Infrastructure	\$1,717	\$7	\$1,608	\$1,608	\$0	\$1,608	\$1,608	\$0	\$1,581	\$1,581	\$0
Water and Sanitation	\$2,054	\$21	\$1,983	\$1,983	\$0	\$1,980	\$1,980	\$0	\$1,849	\$1,849	\$0
Transportation and Comm\	\$462	\$2	\$459	\$459	\$0	\$459	\$459	\$0	\$421	\$421	\$0
Roads, Bridges and Const\	\$320	\$8	\$282	\$282	\$0	\$282	\$282	\$0	\$258	\$258	\$0
Health Care	\$810	\$9	\$793	\$793	\$0	\$793	\$793	\$0	\$744	\$744	\$0
Private Sector Development	\$838	\$1	\$820	\$820	\$0	\$820	\$820	\$0	\$814	\$814	\$0
Edu\, Refugees, Human Rights	\$470	\$0	\$436	\$436	\$0	\$435	\$435	\$0	\$409	\$409	\$0
Admin Expense (USAID,DoS)	\$220	\$0	\$218	\$218	\$0	\$218	\$218	\$0	\$208	\$208	\$0
Rescission	\$0	-\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total IRRF II	\$18,328	\$71	\$17,864	\$17,864	\$0	\$17,859	\$17,859	\$0	\$17,278	\$17,278	\$0
IRRF II Non-Construction	-	-	\$7,972	\$7,972	\$0	\$7,970	\$7,970	\$0	\$7,773	\$7,773	\$0
IRRF II Construction	-	-	\$9,373	\$9,373	\$0	\$9,369	\$9,369	\$0	\$8,988	\$8,988	\$0
IRRF II Overhead	-	-	\$520	\$520	\$0	\$520	\$520	\$0	\$517	\$517	\$0
Total IRRF I	\$2,475	\$0	\$2,291	\$2,291	\$0	\$2,232	\$2,232	\$0	\$2,139	\$2,139	\$0
Grand Total IRRF I & II	\$20,803	\$71	\$20,155	\$20,155	\$0	\$20,092	\$20,092	\$0	\$19,417	\$19,417	\$0

Data as of the 30th of October 2008

Apportion amounts reflect those of the latest Executive Office of the President Report, published by the Office of Management and Budget. Committed, obligated and disbursed amounts reflect last numbers reported by each agency.

DIPLOMATIC – Political Engagement



Talabani States No U.S. Bases in KRG without GOI Approval:

- During an interview with Iraqi state television Al-Iraqiya, Iraqi President Jalal Talabani asserted that American bases cannot be established in northern Iraq without the permission of the central government in Baghdad. He stated, "It is not possible for U.S. troops to stay in Kurdistan without the approval of the central government. Kurdistan is part of Iraq, and all of the country's constitutional laws apply to it." Talabani's remarks followed controversial statements attributed to Massoud Barzani, President of the Kurdistan Regional Government, who reportedly stated that the U.S. military could have bases in the north if the U.S. and Iraq could not reach a SOFA agreement.



DIPLOMATIC – Coalition Contributors

21 Countries with forces in Iraq (including US)

Albania	Czech Republic	Korea	Romania
Australia	Denmark	Latvia	Tonga
Azerbaijan	El Salvador	Lithuania	Ukraine
Bosnia-Herzegovina	Estonia	Macedonia	United Kingdom
Bulgaria	Georgia	Moldova	
	Japan		

TOTAL ~ 6,400 Forces

27 Countries and NATO* (including the US) **Support Iraqi Stability Operations**

27 includes the US, the 20 countries listed above, and six non-MNF-I countries: Hungary, Italy, Netherlands, Portugal, Slovenia, Turkey

Note: Fiji and New Zealand, participating as a part of the UN Assistance Mission in Iraq (UNAMI), are not included.

Note: Georgia has completed their OIF missions and are in the process of redeploying from Iraq.

Information current as of October 30, 2008.



CONTACT INFORMATION

- This brief draws from multiple sources. References are cited on the following pages.
- Please forward all questions and/or comments to:
NEA-I-IPOG-DL@state.gov



NOTES AND SOURCE CITATIONS (1 of 2)

Slide 4:

- Reuters, November 3, <http://www.reuters.com/article/topNews/idUSTRE4A22NX20081103>
- New York Times, October 30, http://www.nytimes.com/2008/10/31/world/middleeast/31iraq.html?_r=1&ref=world&oref=slogin

Slide 5-6:

- NEA/I Political Section, NEA-I-POL-DL@State.gov

Slide 7:

- (AP News- <http://wiredispatch.com/news/print/?id=436506>)
- (MNFI Press Release- http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=23431&Itemid=128)

Slide 8:

- (MNFI Press Release- http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=23416&Itemid=128)
- (Armed Forces Press Service- <http://www.defenselink.mil/news/newsarticle.aspx?id=51768>)

Slide 9:

- DoD Input to Iraq Weekly Status Report November 5, 2008

Slide 10:

- Reuters, November 3- <http://www.reuters.com/article/GCA-CreditCrisis/idUSTRE4A217020081103>
- AP, October 29 - <http://ap.google.com/article/ALeqM5iqKm7q9y33GOma9nJkY2nwok1NLQD9446THO0>

Slide 11:

- Dow Jones Newswires, October 30 - [http://www.nasdaq.com/aspxcontent/NewsStory.aspx?cpath=20081030%5cACQDJON200810300727DOWJONESDJONLINE000579.htm&&mypage=newsheadlines&title=Iraq%20Agrees%20With%20IMF%20On%20\\$67%20Billion%202009%20Budget%20-Fin%20Min](http://www.nasdaq.com/aspxcontent/NewsStory.aspx?cpath=20081030%5cACQDJON200810300727DOWJONESDJONLINE000579.htm&&mypage=newsheadlines&title=Iraq%20Agrees%20With%20IMF%20On%20$67%20Billion%202009%20Budget%20-Fin%20Min)

Slide 12:

- UPI, October 31 - http://www.upi.com/Energy_Resources/2008/10/31/Iraq_attempting_oil_revenue_transparency_pact/UPI-17361225489186/2/

Slide 13:

- UPI, October 30 - http://www.upi.com/Energy_Resources/2008/10/30/Iraq_to_take_over_oil_revenue_oversight_despite_critique/UPI-43991225406346/



NOTES AND SOURCE CITATIONS (2 of 2)

Slide 14:

- (Business Intelligence Middle East, October 29 - <http://bi-me.com/main.php?id=26603&t=1&c=17&cg=3&mset=1031>)

Slide 15-17:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 18:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

Slide 19:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 20:

- Derived from Multiple Sources. (ITAO IMU Essential Indicators Report, Baghdad, 30 October 2008) (Bloomberg) (Central Bank of Iraq, Foreign Exchange Auction, CBiraq.org) (<http://www.cbiraq.org/C.B.I.%20FOREIGN%20EXCHANGE%20AUCTIONS.pdf>)

Slide 21:

- ITAO IMU Essential Indicators Report, Baghdad, 30 October 2008

Slide 22:

- (AFP - <http://www.france24.com/en/20081103-no-us-bases-northern-iraq-without-baghdad-nod-talabani>)

Slide 23:

- DOD Input to Weekly Status Report, updated November 5, 2008